



DATE: June 30, 2006

TO: Workforce Development Board (WDB) Directors, WDB Chairs and
Chief Local Elected Officials (CLEO)

FROM: Gary Denis
Acting Bureau Director
Bureau of Workforce Programs

SUBJECT: **WIA Policy Update 06-09 -- Renegotiating Program Year (PY) 2006
Performance Standards under the Workforce Investment Act**

Purpose

This Workforce Investment Act (WIA) Policy Update provides instructions to WDBs on negotiating new Adult and Dislocated Worker Average Earnings measures for PY 2006.

Legislative/Regulatory References

- WIA, Section 136; 20 CRF part 666; 20 CFR 661.355
- U.S. DOL Training and Employment Guidance Letter (TEGL) 17-05 - Common Measures Policy for the Employment and Training Administration's Performance Accountability System and Related Performance Issues
- U.S. DOL TEGL 29-05 - Negotiating Common Measures Performance Goals for Wagner-Peyser Act Funded Activities for Program Year 2006, Renegotiating the Earnings Common Measure for the WIA Title 1B Adult and Dislocated Worker Programs, and Clarification of Accountability for Youth Measures

Background

On February 16, 2006, the U.S. Department of Labor (U.S. DOL) issued its final guidance for performance measure reporting. This policy rescinded previously issued TEGLS 7-99; 6-00; 6-00, Change 1; and 28-04, and established new performance measures for WIA Title 1, WIA Title 3 (Labor Exchange and Veterans), and the Trade Adjustment Assistance Act (TAA). TEGL 29-05 requires States to negotiate the WIA Title 1B *Adult* and *Dislocated Worker Average Earnings* measures that replace previously negotiated PY 2006 earning change measures.

The Average Earnings measure evaluates earnings improvement for program participants who are employed in all three of the post-exit quarters. Unemployment Insurance (UI) wage record data is used for the second and third quarters after exit to determine the average earnings. This is a significant departure from past years when post-program earnings were compared to pre-program earnings to determine if a participant was better off after receiving services funded by WIA Title 1.

On June 1, 2006, the Wisconsin Division of Workforce Solutions (DWS) submitted a proposal to U.S. DOL, Region V that included the State's proposed WIA Title 1 *Adult and Dislocated Worker Average Earnings* goals for PY06. These negotiations were concluded on June 20, 2006. DWS must now negotiate the WIA Title 1 Adult and Dislocated Worker goals with Workforce Development Boards. There are no local negotiations for WIA Title 3, Labor Exchange and Veterans performance measures.

DWS staff consulted a variety of resources in putting together its WIA Title 1 proposal. We took Program Year (PY) 2002 - 2004 performance data and estimated the average earnings in each program year using the new performance measure methodology. We considered that Wisconsin's economy continues to fluctuate and that despite optimistic economic forecasts, our WIA Title 1 participants aren't always the beneficiaries of improving economic conditions. We also examined Quarterly Census of Employment and Wages (QCEW) information that is available from the Bureau of Labor Statistics. Finally, we asked our Labor Market Information staff to provide us with occupational employment statistics by WDA. As a starting point for our negotiations with U.S. DOL, we took the average of the performance results for PY 2002 - 2004.

DWS Policy

DWS proposes to use the same approach with the WDBs for PY06. Attached are tables that show the starting points for these negotiations. This is a departure from past performance negotiation policy, in which WDBs were given the option to adopt the goals the DWS negotiated with U.S. DOL as their own. The new performance measure methodology is more reflective of local economic characteristics and differences, and addresses many of the concerns WDB directors have voiced in the past about the current methodology's deficiencies and inequities.

If you do not believe the initially proposed goals for your local area are reasonable and attainable, please submit a revised proposal with justification that describes:

1. Unanticipated circumstances that make the proposed goals unattainable. Examples include limitations in data used to project the original performance goals; changes in participant characteristics, economic conditions or federal funding levels; disasters; or legal or legislative actions that raise participant outcome expectations. Lack of WDB access to UI Wage Record data does not fulfill this requirement.
2. How the unanticipated circumstances affect one or more factors that were used to project the original performance goals.
3. How the variations from negotiated standards are linked to changes in the factors.

Your request must be supported by the following information:

- Describe the problem or situation and who is affected by it;
- Identify the performance measure(s) and program year(s) affected by the problem;
- Provide evidence of the change in the factors that were used to arrive at the original performance levels, the forecasted factor values and the estimated impact on performance outcomes;
- Describe the methodology used to determine the revised levels;
- Identify the data sources used to demonstrate change in the factors and the sources used to forecast values for the factors;
- Include the computations used to arrive at the revised performance levels, and compare them to the originally proposed levels.

Please focus your justification on conditions within your WDA. The proposed goals are based on your own WDA's past performance and estimated earnings across all occupations. Competition for the

same pool of jobs between adults and dislocated workers will only be considered as a factor if the WDB clearly describes how local program design will be modified to improve adult participants' qualifications and competitiveness for those jobs.

Questions and Technical Assistance

Questions about this policy and submission requirement should be directed to your Local Program Liaison or to Nancy Bryan at nancy.bryan@dwd.state.wi.us.

Submission Deadline

All requests for revision to local performance levels must be received by DWS no later than Monday, July 31, 2006. Please send your proposals to Nancy at the e-mail address above.

Attachments